

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

COMPUTE NORTH HOLDINGS, INC., *et al.*,¹

Debtors.

) Chapter 11

) Case No. 22-90273 (MI)

) (Jointly Administered)

**DEBTORS' EMERGENCY MOTION FOR
STATUS CONFERENCE REGARDING (A) SALE ORDER AND
(B) CLOSING OF SALE BETWEEN THE DEBTORS AND PURCHASER**

Emergency relief has been requested. Relief is requested not later than 5:00 p.m. on November 2, 2022.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on November 2, 2022 at 5:00 p.m. in Courtroom 404, 4th floor, Bob Casey United States Courthouse, 515 Rusk Avenue, Houston, Texas 77002.

Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at 832-917-1510. Once connected, you will be asked to enter the conference room number. Judge Isgur's conference room number is 954554. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Isgur's home page. The meeting code is "JudgeIsgur". Click the settings icon

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Compute North Holdings, Inc. (4534); Compute North LLC (7185); CN Corpus Christi LLC (5551); CN Atoka LLC (4384); CN Big Spring LLC (4397); CN Colorado Bend LLC (4610); CN Developments LLC (2570); CN Equipment LLC (6885); CN King Mountain LLC (7190); CN Minden LLC (3722); CN Mining LLC (5223); CN Pledgor LLC (9871); Compute North Member LLC (8639); Compute North NC08 LLC (8069); Compute North NY09 LLC (5453); Compute North SD, LLC (1501); Compute North Texas LLC (1883); Compute North TX06 LLC (5921); and Compute North TX10 LLC (4238). The Debtors' service address for the purposes of these chapter 11 cases is 7575 Corporate Way, Eden Prairie, Minnesota 55344.

in the upper right corner and enter your name under the personal information setting

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the “Electronic Appearance” link on Judge Isgur’s home page. Select the case and complete the required fields and click “Submit” to complete your appearance.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion (this “Motion”):

RELIEF REQUESTED

1. The Debtors hereby request an emergency status conference, to be held at **5:00 p.m. (prevailing Central Time) on November 2, 2022**, with respect to (a) the order [Docket No. 362] (the “Sale Order”)² of the United States Bankruptcy Court for the Southern District of Texas (the “Court”) approving the Purchase and Sale Agreement between the Debtors and GC Data Center Equity Holdings, LLC (the “Purchaser” and, together with Generate Lending, LLC, “Generate”), and (b) the closing of the Sale and transactions contemplated therein.

BACKGROUND AND BASIS FOR RELIEF

5. The Court held hearings on October 31 and November 1, 2022 (collectively, the “Sale Hearing”) to consider approval of the Sale to the Purchaser of the 100 percent equity interests owned by Debtor CN Pledgor LLC in non-Debtor CN Borrower LLC (the “Acquired Interests”). At the Sale Hearing, Generate made no mention of any concern that might lead it to refuse to consummate the Sale once approved. Instead, all parties in interest, including the Debtors, the Committee, and Generate, recognized the need to move quickly with respect to the Sale of the Acquired Interests to the Purchaser. At the Sale Hearing, the Court approved the Purchase and Sale Agreement and the transactions contemplated therein and entered the Sale

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Sale Order.

Order. In order to close the Sale, the Debtors and Generate were required to finalize certain Ancillary Agreements,³ including, among others, the transition services agreement between the parties (the “TSA”), as required under the approved Purchase and Sale Agreement. *See* Purchase and Sale Agreement, Sections 3.2 and 3.3. In the approximately 24 hours following the conclusion of the Sale Hearing, the Debtors’ professionals worked diligently with Generate to complete negotiations and have now finalized the documentation required for the Ancillary Agreements, including the TSA, required to close the Sale.

6. All of the Ancillary Agreements have been finalized and both the Debtors and Generate have signed off on those documents. Specifically, on November 2, 2022, at approximately 10:18 a.m. Central Time, counsel to Generate advised counsel to the Debtors that the execution versions of the TSA and the other Ancillary Agreements were approved by Generate.

7. As of 10:39 a.m. Central Time on November 2, 2022, the Debtors confirmed to Generate the release of the Debtors’ signature pages, subject to the release of Generate’s signature pages for those documents, but as of the time of this filing Generate has failed to release its signature pages to close the Sale. Generate has further failed to pay the Debtors’ the \$5 million cash purchase price required under the Purchase and Sale Agreement as approved by the Sale Order.

8. Debtors’ counsel has been in contact with counsel to Generate throughout the day, but counsel to Generate has been unable to confirm if and when Generate will wire the funds it agreed

³ The Ancillary Agreements include the following: (a) Transition Services Agreement (Wolf Hollow); (b) Transition Services Agreement (Kearney); (c) Waiver to NDA; (d) Termination Agreement (Wolf Hollow PMA); (e) Termination Agreement (Kearney PMA); (f) Termination Agreement (Pledge Agreement); (g) Termination Agreement (Guaranty Agreement); (h) Assignment and Assumption Agreement (Minden Property Purchase Agreement); (i) Seller’s Closing Certificate.

to pay and the wire deadline is quickly approaching. The Debtors cannot afford any more cost or delay from a transaction that is now fully baked.

9. As a result of the forgoing, the Debtors request that the Court hold an emergency status conference at **5:00 p.m. (prevailing Central Time) on November 2, 2022** to address Generate's non-compliance with the Sale Order and failure to close the Sale.

NOTICE

10. The Debtors will provide notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the Debtors' secured and unsecured prepetition lenders (i) Generate Lending, LLC, (ii) Mercuria Energy America, LLC, (iii) Marathon Digital Holdings, Inc., (iv) TZ Capital Holdings, LLC, and (v) Foundry Digital LLC; (d) counsel to the Committee, and (e) any party that has requested notice pursuant to Bankruptcy Rule 2002. In view of the nature of the relief requested, the Debtors respectfully submit that no other or further notice need be provided.

[Remainder of Page Intentionally Left Blank]

The Debtors respectfully request entry of an order, substantially in the form attached hereto as **Exhibit A**, setting an emergency status conference, to be held before the Court at **5:00 p.m. (prevailing Central Time) on November 2, 2022**, with respect to (a) the Sale Order, and (b) the closing of the Sale and transactions contemplated therein.

Dated: November 2, 2022
Houston, Texas

/s/ James T. Grogan III

PAUL HASTINGS LLP

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Counsel to the Debtors and Debtors in Possession

Certificate of Accuracy

I certify that the foregoing statements are true and accurate to the best of my knowledge. This statement is being made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ James T. Grogan III

James T. Grogan III

Certificate of Service

I certify that on November 2, 2022, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ James T. Grogan III

James T. Grogan III